



February 21, 2014

ENGROSSED HOUSE BILL No. 1062

DIGEST OF HB 1062 (Updated February 20, 2014 11:28 am - DI 58)

Citations Affected: IC 6-1.1; noncode.

Synopsis: Property taxes. Provides that for all taxing units, the maximum amount allowed for an operating balance for a debt service fund is 50% of the budget estimate for annual debt service payments from the fund for debt originally incurred before July 1, 2014, including refinanced debt, and 15% on debt originally incurred after June 30, 2014. Provides that taxes levied under the allowance may not be construed as an increase in a political subdivision's property tax levy to make up for a reduction in property tax collections under the circuit breaker law. Permits a school corporation that experiences at least a 10% loss to the school corporation's transportation fund due to circuit breaker credits in 2014, 2015, or 2016 to use a proportional circuit breaker credit allocation for that year.

Effective: Upon passage.

Huston, Clere, Errington, Goodin

(SENATE SPONSORS — MILLER PETE, MISHLER, HEAD,
MILLER PATRICIA, LANANE)

January 9, 2014, read first time and referred to Committee on Ways and Means.
January 27, 2014, amended, reported — Do Pass.
January 29, 2014, read second time, ordered engrossed. Engrossed.
January 30, 2014, read third time, passed. Yeas 94, nays 0.

SENATE ACTION

February 4, 2014, read first time and referred to Committee on Appropriations.
February 20, 2014, amended, reported favorably — Do Pass.

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February 21, 2014

Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1062

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-17-22 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 22. (a) In determining the amount of the**
4 **levy for a debt service fund for an ensuing year, the maximum**
5 **amount allowed for an operating balance in the debt service fund**
6 **is the sum of:**
7 (1) **fifteen percent (15%) of the budget estimate for the debt**
8 **service fund for the ensuing year for debt originally incurred**
9 **after June 30, 2014; plus**
10 (2) **fifty percent (50%) of the budget estimate for the debt**
11 **service fund for the ensuing year for debt originally incurred**
12 **before July 1, 2014.**
13 **If debt is refinanced, the date the refinanced debt was originally**
14 **incurred, and not the date that the refinancing is closed, is the date**
15 **to be used for purposes of this subsection.**
16 (b) **For purposes of IC 6-1.1-20.6-9.5, the property taxes allowed**

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1 for an operating balance in the debt service fund under this section
 2 may not be construed as an increase in a political subdivision's
 3 property tax levy to make up for a reduction in property tax
 4 collections resulting from the application of credits under
 5 IC 6-1.1-20.6.

6 SECTION 2. IC 6-1.1-20.6-9.9 IS ADDED TO THE INDIANA
 7 CODE AS A NEW SECTION TO READ AS FOLLOWS
 8 [EFFECTIVE UPON PASSAGE]: Sec. 9.9. (a) A school corporation
 9 is eligible to allocate credits proportionately under this section for
 10 2014, 2015, or 2016, if the school corporation's percentage
 11 computed under this subsection is at least ten percent (10%) for its
 12 transportation fund levy for that year, as certified by the
 13 department of local government finance. A school corporation
 14 shall compute its percentage under this subsection as follows:

15 (1) Compute the amount of credits granted under this chapter
 16 against the school corporation's levy for the school
 17 corporation's transportation fund.

18 (2) Compute the school corporation's levy for the school
 19 corporation's transportation fund.

20 (3) Divide the amount computed under subdivision (1) by the
 21 amount computed under subdivision (2) and express it as a
 22 percentage.

23 The computation must be made by taking into account the
 24 requirements of section 9.8 of this chapter regarding protected
 25 taxes and the impact of credits granted under this chapter on the
 26 revenue to be distributed to the school corporation's transportation
 27 fund for the particular year.

28 (b) A school corporation that desires to be an eligible school
 29 corporation under this section must, before May 1 of the year for
 30 which it wants a determination, submit a written request for a
 31 certification by the department of local government finance that
 32 the computation of the school corporation's percentage under
 33 subsection (a) is correct. The department of local government
 34 finance shall, not later than June 1 of that year, determine whether
 35 the percentage computed by the school corporation is accurate and
 36 certify whether the school corporation is eligible under this section.

37 (c) For a school corporation that is certified as eligible under
 38 this section, the school corporation may allocate the effect of the
 39 credits granted under this chapter proportionately among all the
 40 school corporation's property tax funds that are not exempt under
 41 section 7.5(b) or 7.5(c) of this chapter, based on the levy for each
 42 fund and without taking into account the requirements of section



- 1 **9.8 of this chapter regarding protected taxes.**
2 **SECTION 3. [EFFECTIVE UPON PASSAGE] (a) IC 6-1.1-17-22,**
3 **as added by this act, applies to property taxes first due and payable**
4 **after December 31, 2014.**
5 **(b) This SECTION expires January 1, 2016.**
6 **SECTION 4. An emergency is declared for this act.**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1062, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 9, after "debt" insert "**originally**".

Page 1, line 10, after "debt" insert "**originally**".

Page 1, line 15, after "debt" insert "**originally**".

Page 2, between lines 8 and 9, begin a new paragraph and insert:

"(c) This subsection applies to debt that is refinanced by a political subdivision. If the terms of the refinancing extend the period to repay the debt beyond the repayment period of the original debt, the obligation of the political subdivision to make a payment in a calendar year beginning after December 31 of the calendar year in which the original debt would have been retired is considered a debt originally incurred on the date that the refinancing is closed."

and when so amended that said bill do pass.

(Reference is to HB 1062 as introduced.)

BROWN T, Chair

Committee Vote: yeas 21, nays 0.

COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred House Bill No. 1062, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 7 through 16.

Page 2, delete lines 1 through 2, begin a new line block indented and insert:

"(1) fifteen percent (15%) of the budget estimate for the debt service fund for the ensuing year for debt originally incurred after June 30, 2014; plus

(2) fifty percent (50%) of the budget estimate for the debt service fund for the ensuing year for debt originally incurred before July 1, 2014.

If debt is refinanced, the date the refinanced debt was originally

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incurred, and not the date that the refinancing is closed, is the date to be used for purposes of this subsection."

Page 2, delete lines 9 through 16, begin a new paragraph and insert:

"SECTION 2. IC 6-1.1-20.6-9.9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 9.9. (a) A school corporation is eligible to allocate credits proportionately under this section for 2014, 2015, or 2016, if the school corporation's percentage computed under this subsection is at least ten percent (10%) for its transportation fund levy for that year, as certified by the department of local government finance. A school corporation shall compute its percentage under this subsection as follows:**

- (1) Compute the amount of credits granted under this chapter against the school corporation's levy for the school corporation's transportation fund.**
- (2) Compute the school corporation's levy for the school corporation's transportation fund.**
- (3) Divide the amount computed under subdivision (1) by the amount computed under subdivision (2) and express it as a percentage.**

The computation must be made by taking into account the requirements of section 9.8 of this chapter regarding protected taxes and the impact of credits granted under this chapter on the revenue to be distributed to the school corporation's transportation fund for the particular year.

(b) A school corporation that desires to be an eligible school corporation under this section must, before May 1 of the year for which it wants a determination, submit a written request for a certification by the department of local government finance that the computation of the school corporation's percentage under subsection (a) is correct. The department of local government finance shall, not later than June 1 of that year, determine whether the percentage computed by the school corporation is accurate and certify whether the school corporation is eligible under this section.

(c) For a school corporation that is certified as eligible under this section, the school corporation may allocate the effect of the credits granted under this chapter proportionately among all the school corporation's property tax funds that are not exempt under section 7.5(b) or 7.5(c) of this chapter, based on the levy for each



fund and without taking into account the requirements of section 9.8 of this chapter regarding protected taxes."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1062 as printed January 27, 2014.)

KENLEY, Chairperson

Committee Vote: Yeas 10, Nays 0.

